



HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

2020 Rebates: Most Frequently Asked Questions

Updated on April 29, 2020

Why is the Internal Revenue Service (IRS) paying rebates to individuals?

The public health and economic consequences of COVID-19 are significant. These rebates will help Americans afford what they need during this public health crisis, as many are experiencing a significant cash crunch.

How many rebates will be made?

The Department of the Treasury (Treasury) and the IRS initially estimated that there would be 171 million rebate payments under the CARES Act and that 101 million of these payments would be paid by paper check unless the IRS receives direct deposit information for these payments before a paper check is mailed. However, these estimates seem low given the following populations:

- 145-150 million taxpayers who file returns below the CARES Act income thresholds;
- 25-30 million Social Security beneficiaries and SSI recipients who do not file returns;
- 14-15 million non-filers who are below the filing threshold;
- 6 million veterans (undetermined number of non-filers); and
- 500,000-600,000 individuals who receive benefits from the Railroad Retirement Board (undetermined number of non-filers).

When will the rebates be distributed?

The IRS is working to deliver rebates quickly. Some individuals have received their rebates through direct deposit or paper check over the past three weeks of April 13, 20, and 27. The IRS plans to make additional rounds of payments by direct deposit and paper check weekly until all eligible individuals receive their rebates.

How many payments have been made to date in the first weeks of payments?

On April 29, Treasury announced that it had made payments to 120 million Americans.

How will rebates be delivered?

It depends. Rebates will be delivered automatically—by the IRS—to most Americans. When available, electronic direct deposit will be used in place of mailing a physical check. Electronic distributions will be automatic to an account the payee authorized on or after January 1, 2018. As discussed in more detail below, the IRS has two online portals for individuals who have not already provided direct deposit information to the IRS to do so.

I filed a tax return in 2018 or 2019. When and how will I be paid?

For people who filed a federal income tax return in 2018 or 2019, some were paid in April if the 2018 or 2019 return included direct deposit information. For the remainder of these filers, rebate processing will be based on address information already on file with the IRS unless direct deposit information is provided on the *Get My Payment* portal (see below) before a paper check has been issued.

If you are receiving a paper check, checks will be issued at a rate of about 5 million per week in reverse “adjusted gross income” order—starting with people with the lowest incomes first.

I do not file a tax return. Am I eligible for a rebate?

Yes, you are eligible. There is no earned income requirement to be eligible for a rebate. And, if you receive benefits from another federal agency, you may be able to receive your rebate automatically from the IRS. Otherwise, you will need to use the online portal called *Non-Filers: Enter Payment Info* (see below) to register for your rebate.

I receive benefits from another federal agency and do not file a tax return. When will I be paid?

Social Security retirement, survivors, and disability insurance beneficiaries and Railroad Retirement beneficiaries who did not file tax returns in 2018 or 2019 will receive their rebates at the end of April or early May. Beneficiaries receiving their rebate through direct deposit should have been paid the week of April 27. For beneficiaries receiving a paper check, the IRS will mail checks on May 1.

Supplemental Security Income (SSI) and Veterans Affairs beneficiaries will receive their rebates in May. Unless these individuals have dependents, they do not need to take any action in order to receive their payment. However, if they do have dependents that qualify for the additional \$500 each, they should use the portal for non-filers by May 5, 2020, to notify the IRS of their dependents. (A similar deadline for Railroad Retirement and other Social Security beneficiaries with dependents was April 22, 2020.)

How would I know if I already should have received my payment?

The IRS will notify an individual by mail after the payment has been made to them.

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How can I provide the IRS my direct deposit information?

As noted above, the IRS has two online portals that will allow individuals to provide their direct deposit information to the IRS: (1) *Get My Payment* (for tax filers who did not provide direct deposit information on their 2018 or 2019 return) and (2) *Non-Filers: Enter Payment Info* (for

individuals who are not required to file tax returns). If either (1) a payment or check already has been issued for the individual or (2) the IRS already has banking information on file for the individual, direct deposit information cannot be provided/updated.

What is the difference between the two new IRS portals?

On April 10, the IRS launched *Non-Filers: Enter Payment Info* for individuals who are not required to file tax returns. This portal allows non-filers to register for their rebate payments and provide the IRS their name, address, Social Security Number, adjusted gross income, information about dependents, marital status, and direct deposit information. Recipients of SSI or VA benefits who have dependents must provide their dependent information through the portal by May 5, 2020 if they wish to receive payment for their dependents at this time.

On April 15, the IRS launched *Get My Payment* for individuals who filed tax returns in 2019 or 2018. This portal allows taxpayers to find out the status of their rebate. This portal also allows taxpayers to update their banking information if (1) no payment or check has been issued and (2) the IRS does not have any banking information on file for the taxpayer. Social Security and SSI beneficiaries will also be able to use this portal to learn about the status of their payment once processed. On April 26, the IRS updated the *Get My Payment* portal to address some of the issues taxpayers were experiencing when trying to access the portal.

When can I expect to receive my rebate if I use one of the portals to provide my direct deposit information?

The IRS told Committee staff that it processes new payment information weekly.

How large are the rebates?

The amount of the rebate depends on adjusted gross income and family size. The payment is \$1,200 for each adult individual (\$2,400 for joint filers), and \$500 per qualifying child under age 17. (Rebates are not available with respect to dependents age 17 or older, including adult dependents.) The advance payment of rebates is reduced by \$5 for every \$100 of income to the extent a taxpayer's income exceeds \$150,000 for a joint filer, \$112,500 for a head of household filer, and \$75,000 for anyone else (including single filers).

Does the phaseout apply to rebate amounts related to qualifying children?

The phaseout (\$5 for every \$100 of income in excess of the relevant threshold) applies to the entire rebate amount, which includes rebate amounts related to qualifying children.

Is there a limit on the number of qualifying children taken into account?

No. There is no statutory limit on the number of qualifying children taken into account for purposes of the rebates.

Do rebates need to be repaid?

No, rebates do not need to be repaid. If an individual experienced an income gain in 2020 or if they have fewer dependents under 17, they will not need to repay any portion of the rebate that they received. If an individual experienced an income loss in 2020 or if they have an increase in family size, they may be able to claim an additional credit for the difference when the individual files their 2020 tax federal income tax return in 2021.

Are rebates subject to federal income tax?

No. The rebates are federal income tax refunds and are not subject to federal income tax.

How will a person who recently has moved access rebates?

The IRS is attempting to pay as many individuals as possible through direct deposit rather than by mailing paper checks. If the person provided direct deposit information on their 2019 or 2018 tax return, the IRS will use that information to make the payment rather than mailing a paper check. If the person did not provide direct deposit information on their 2019 or 2018 return but wishes to receive electronic payment, the IRS has launched a portal called *Get My Payment* where they can provide their banking information. Taxpayers will not be able to update their address or any banking information the IRS already has through the *Get My Payment* portal. Taxpayers can notify the IRS of a change in address by following the steps described here:

<https://www.irs.gov/taxtopics/tc157>.

Will the rebates affect my eligibility for federal income-targeted programs?

No, the rebate is considered a tax refund and is not counted towards eligibility for federal programs.

What identification requirements apply to receive rebates?

Taxpayers must have Social Security numbers (SSNs) for themselves and their qualifying children in order to receive rebates.

Are families eligible for rebates when some (but not all) members have SSNs?

In the case of mixed-status families where the filer has an SSN and the child does not, the filer should be able to claim the credit for the \$1,200 (\$2,400 if married) for themselves, but not the \$500 per child without an SSN. In the case of mixed-status families where the filer does not have an SSN and the child does, the rebate is not available except for military families where one spouse has an SSN.

Are rebates subject to garnishment or offset for delinquent federal taxes?

No.

Are rebates subject to garnishment or offset for delinquent federal student loans?

No.

Are rebates subject to garnishment or offset for past-due child support owed to a state agency or the custodial parent?

Yes.